



**STATE OF MISSISSIPPI
DEPARTMENT OF EDUCATION**

Hank M. Bounds
State Superintendent of Education

SINGLE AUDIT FINDINGS

May 12, 2006

Phil Bryant, State Auditor
Office of the State Auditor
State of Mississippi
P. O. Box 956
Jackson, Mississippi 39205-0956

Dear Mr. Bryant:

In accordance with your April 21, 2006, correspondence, the Mississippi Department of Education is providing the following responses and corrective action plans for the single audit findings for the fiscal year ended June 30, 2005:

AUDIT FINDINGS:

- 10.558 State Administrative Expenses for Child Nutrition
- Allowable Costs/Cost Principles
- 05-18 Controls over Allowable Costs Should Be Strengthened

Response:

We concur with the finding and recommendation.

Corrective Action Plan:

A. Specific steps to be taken to correct the situation:

The Mississippi Department of Education – Office of Child Nutrition will strengthen controls to ensure that budgeted amounts are correctly reported in the Statewide Automated Accounting System (SAAS). When grant awards and notifications of changes to grant awards are received, the proper grant amount will be forwarded to the Budget Office for input into SAAS. In addition, Child Nutrition personnel will periodically review SAAS budget printouts to ensure grant award amounts are properly stated. For the 2003 and 2004 grants, no additional federal funds will be requested from the United States Department of Agriculture.

B. Name of the contact person responsible for corrective action:

Gary May, Director
Office of Child Nutrition

C. Anticipated completion date for corrective action:

Immediately

84.027 Special Education - Grants to States
84.173 Special Education - Preschool Grants

Matching, Level of Effort, Earmarking

05-19 Controls over Maintenance of Effort Requirement Should Be Developed

Response:

We concur with the finding and recommendation.

Corrective Action Plan:

A. Specific steps to be taken to correct the situation:

The Mississippi Department of Education – Office of Special Education will implement controls to ensure that the level of state financial support for special education and related services is monitored annually. Designated program staff will compile a report which compares state expenditures for special education and related services for the previous two fiscal years. The compiled data will be subjected to a supervisory review. Supporting documentation will be maintained on file in the program office.

B. Name of the contact person responsible for corrective action:

Paulette White, Director
Bureau of Support Services, Program Management, and Data Services
Office of Special Education

C. Anticipated completion date for corrective action:

May 30, 2006

84.010 Title I Grants to Local Educational Agencies

Period of Availability

05-20 Controls over Carryover Requirement Should Be Strengthened

Response:

We concur with the finding and recommendation.

Corrective Action Plan:

A. Specific steps to be taken to correct the situation:

The Mississippi Department of Education – Office of Innovative Support will strengthen controls to ensure compliance with Title I carryover requirements. Program personnel will practice greater care in ensuring supporting documentation for carryover amounts and waiver approvals are maintained on file in the program office. Supporting documentation will be located in the office's central files. The retention of supporting documentation will be verified periodically by designated personnel by tracing data entered into the carryover tracking spreadsheet to the supporting documentation.

B. Name of the contact person responsible for corrective action:

Nikisha Ware, Director
Office of Innovative Support

C. Anticipated completion date for corrective action:

June 30, 2006

84.010 Title I Grants to Local Educational Agencies

Special Tests and Provisions

05-21 Controls over Comparability Requirements Should Be Strengthened

Response:

We concur with the finding and recommendation.

Corrective Action Plan:

A. Specific steps to be taken to correct the situation:

The Mississippi Department of Education – Office of Innovative Support is in the process of implementing controls to ensure local education agencies (LEAs) are reviewed for compliance with comparability requirements. The procedure requiring LEAs to submit a Comparability Report documenting compliance has been reinstated for the 2005-2006 school year. A tracking document has been placed into use to ensure required documentation has been received and to identify whether comparability requirements have been met. The review of Comparability Reports submitted by LEAs and the input of associated data into the tracking document will be performed by designated program staff and will be subjected to a supervisory review.

B. Name of the contact person responsible for corrective action:

Nikisha Ware, Director
Office of Innovative Support

C. Anticipated completion date for corrective action:

June 30, 2006

84.010 Title I Grants to Local Educational Agencies

Special Tests and Provisions

05-22 Controls over Reporting Should Be Strengthened

Response:

We concur with the finding and recommendation.

Corrective Action Plan:

A. Specific steps to be taken to correct the situation:

The Mississippi Department of Education – Office of Innovative Support will strengthen controls over the preparation of the Consolidated State Performance Report. Program personnel will practice greater care in ensuring supporting documentation submitted by local education agencies is maintained on file in the program office. Supporting documentation will be located in the office's central files. In addition, the entry of data into the spreadsheet used to prepare the Consolidated State Performance Report will be subjected to a thorough supervisory review. Also, the omission of the school district from the spreadsheet will be corrected immediately.

B. Name of the contact person responsible for corrective action:

Nikisha Ware, Director
Office of Innovative Support

C. Anticipated completion date for corrective action:

Procedures will be adopted by June 30, 2006 and will be in place during the preparation of the next Consolidated State Performance Report.

10.558 Child and Adult Care Food Program

Subrecipient Monitoring

05-23 Controls over Monitoring Subrecipient Audit Requirements Should Be Strengthened

Response:

We concur with the finding and recommendation.

Corrective Action Plan:

A. Specific steps to be taken to correct the situation:

The errors noted in this finding appear to have resulted from staffing changes and vacancies within the Office of Child Nutrition. The program office has taken action to complete proper training of new personnel and to reassign duties where appropriate to ensure that subrecipient monitoring requirements are met.

B. Name of the contact person responsible for corrective action:

Gary May, Director
Office of Child Nutrition

C. Anticipated completion date for corrective action:

Corrective Action has been implemented.

84.010 Title I Grants to Local Educational Agencies

Matching, Level of Effort, Earmarking

05-24 Agency Should Ensure Compliance with Earmarking Requirements

Response:

We concur with the finding and recommendation.

Corrective Action Plan:

A. Specific steps to be taken to correct the situation:

The Mississippi of Education – Office of Innovative Support has strengthened controls to ensure compliance with earmarking requirements. The calculation of proper budgeted earmarking allotments by designated program staff is subjected to a supervisory review prior to entry into the Statewide Automated Accounting System. As recommended further guidance from the United States Department of Education regarding corrective action procedures will be requested.

B. Name of the contact person responsible for corrective action:

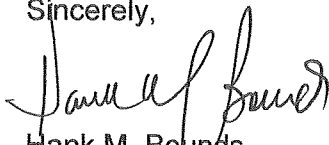
Nikisha Ware, Director
Office of Innovative Support

C. Anticipated completion date for corrective action:

Corrective action has been implemented.

Should you have any questions or need additional information, do not hesitate to contact me.

Sincerely,



Hank M. Bounds
State Superintendent of Education



**STATE OF MISSISSIPPI
DEPARTMENT OF EDUCATION**

Hank M. Bounds
State Superintendent of Education

OTHER AUDIT FINDINGS

May 12, 2006

Phil Bryant, State Auditor
Office of the State Auditor
State of Mississippi
P. O. Box 956
Jackson, Mississippi 39205-0956

Dear Mr. Bryant:

In accordance with your April 21, 2006, correspondence, the Department of Education is providing the following response and corrective action plan for the other audit finding for the fiscal year ended June 30, 2005:

AUDIT FINDING:

Oth-19 Controls over Reporting Should Be Strengthened

Response:

We concur with the finding and recommendation.

Corrective Action Plan:

A. Specific steps to be taken to correct the situation:

The Mississippi Department of Education – Office of Child Nutrition will strengthen controls to ensure proper data is reported to the United States Department of Agriculture. During preparation of the SF-269 supporting calculations for amounts reported will be documented. The calculations will be subjected to a supervisory review prior to submission to the USDA. Supporting documentation will be maintained on file in the program office.

B. Name of the contact person responsible for corrective action:

Gary May, Director
Office of Child Nutrition

Phil Bryant, State Auditor

May 12, 2006

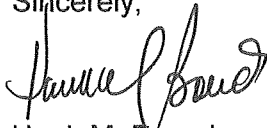
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C. Anticipated completion date for corrective action:

Immediately

Should you have any questions or need additional information, do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Hank M. Bounds". The signature is fluid and cursive, with the first name "Hank" being more prominent.

Hank M. Bounds

State Superintendent of Education